



**ORIGINAL**

A subsidiary of Pinnacle West Capital Corporation



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Regulation

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AZ CORP COMMISSION  
DOCUMENT CONTROL

August 29, 2006

Arizona Corporation Commission  
**DOCKETED**

**AUG 29 2006**

Mr. Ernest Johnson  
Director, Utilities Division  
Arizona Corporation Commission  
1200 W. Washington  
Phoenix, Arizona 85007

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RE: Docket No. E-01345A-97-0544, Decision No. 60481 and Decision No. 61708  
Semi-Annual Report On Transfers of Utility Property

Dear Mr. Johnson:

In accordance with Decision No. 61708, Arizona Public Service Company ("APS") submits its semi-annual report summarizing sales, transfers or mortgages entered into under Decision No. 60481. This report reflects the balance of these transactions, including accrued interest through December 31, 2005.

If you or your staff has any questions, please call me at 602-250-2708.

Sincerely,

Brian Brumfield, Supervisor  
Regulation

CC: Docket Control (Original, plus 13 copies)  
Brian Bozzo

ARIZONA PUBLIC SERVICE COMPANY  
CALCULATION OF GAINS ON UTILITY PROPERTY  
As of June 30, 2006

DATE OF TRANSFER	DESCRIPTION OF PROPERTY	SALES PRICE	OCID	BOOK GAIN ON SALE	TAX BASIS OF OF PROPERTIES	TAXES (1,2)	NET GAIN (3)	AMOUNT ALLOCATED FOR RATEPAYERS (4)	INTEREST TO DATE (5)	BALANCE TO BE REFUNDED
08/19/2002	City of Eloy	\$347,000	\$137,325	\$209,675	\$71,666	\$84,646	\$125,029	\$62,515	\$5,489	\$68,004
03/05/2003	City of Florence	\$207,000	\$131,517	\$75,483	\$68,571	\$29,899	\$45,584	\$22,792	\$1,742	\$24,534
4/15/2005	City of Buckeye	\$373,000	\$88,572	\$284,428	\$56,239	\$111,979	\$172,449	\$86,224	\$3,624	\$89,848
Current Balance for Transfer of Property Less: Customer Education Program Total Balance as of June, 2006								\$343,062	\$171,531	\$182,386
									\$10,855	\$0
										\$182,386

- (1) [(Sales Price less Tax Basis)\*Tax Rate]-[ADIT Net Book Basis-Tax Basis]\* Tax Rate]  
(2) APS Composite Income Tax Rate: 2002 = 0.4037; 2003 = 0.3961; 2005 = 39.37%  
(3) Jurisdictional allocation of Net Gain  
(4) Amount Allocated for Ratepayers based on 50% of jurisdictional split.  
(5) Interest from Date of Transfer through June 30, 2006